

View on Web

# National Digital ID Project: Benefits Galore, As Are Challenges

6th Feb, 2024



As countries push forward with **digital transformation** initiatives, national digital ID projects have become a high priority. Implemented thoughtfully, these programs can streamline public services, increase financial inclusion, improve security, and more. However, as Ethiopia looks to launch its own national digital ID, it faces obstacles that many peers have overcome.

India's Aadhaar digital ID program, the largest in the world, has enrolled over 1.2 billion residents since its inception in 2009. A report by MicroSave Consulting estimates that Aadhaar has generated annual savings of over \$11 billion by reducing fraud and improving the delivery of social welfare programs. The system has helped open over 300 million bank accounts as well.

Similarly, Thailand's national digital ID initiative has registered over 52 million citizens since 2016. The Thai government estimates the ID card integration with digital payment platforms has injected \$1.3 billion into the economy. Citizens can access over 2,000 public services online using the digital ID.

According to the World Bank, Nigeria's digital ID rollout has driven an estimated \$440 million in annual productivity gains. The program aims to harmonize identity databases across government agencies. As of 2018, around 30 million Nigerians had obtained the ID card.

In Estonia, widely considered a pioneer in digital governance, over 98 percent of residents hold a national digital ID. The card enables citizens to vote online, file taxes, access healthcare records, and more. A 2018 study by the country's central bank found that digital ID holders save over 230 hours per year compared to using physical documents.

But as Ethiopia moves forward with its National ID rollout, it faces barriers like low internet penetration and lack of infrastructure. Reports indicate that only 15 percent of Ethiopians were active internet users as of 2020. The country also suffers from frequent power outages.

To address this, Thailand assigned local officials to assist rural citizens with registration and offered solar-powered mobile enrollment units. Nigeria engaged the private sector to set up enrollment centers in underserved regions. Both initiatives helped expand access. Ethiopia could pursue similar public-private partnerships.



Experts also recommend that Ethiopia focus first on a 'thin' foundational ID, collecting only essential biometric and demographic data. Adding complex attributes like driver's license details could overwhelm agencies and citizens alike. India's Aadhaar program took this lean

approach at the outset.

With strong government oversight and public education campaigns, Ethiopia can mitigate potential drawbacks of digital IDs like exclusions, fraud, and privacy risks. Limiting data collection and letting citizens control information flow will help win trust.

If carefully implemented, **Ethiopia's National ID** could benefit millions by building a more transparent, efficient public sector. But the country must make smart design choices and prioritize inclusivity. By learning from peers, Ethiopia can craft a digital identity program that improves services and empowers citizens.



AUTHOR:

**Bibhuti Bhusan Routray**

Head, Marketing